

WEST MUSKINGUM LOCAL
SCHOOL DISTRICT
MUSKINGUM COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025





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Columbus, Ohio 43215
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Board of Education
West Muskingum Local School District
4880 West Pike
Zanesville, Ohio 43701

We have reviewed the *Independent Auditor's Report* of West Muskingum Local School District, Muskingum County, prepared by Rea & Associates, Inc., for the audit period July 1, 2024 through June 30, 2025. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. West Muskingum Local School District is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

March 02, 2026

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Muskingum County, Ohio
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Muskingum County, Ohio
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
West Muskingum Local School District
4880 West Pike
Zanesville, Ohio 43701

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Muskingum Local School District, Muskingum County, Ohio (the "School District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Muskingum Local School District, Muskingum County, Ohio, as of June 30, 2025, and the respective changes in financial position thereof and the budgetary comparison for the general fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 3, the School District restated its net position resulting from the implementation of GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair

presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and pension and other post-employment benefit schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting

for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Zanesville, Ohio
December 22, 2025

West Muskingum Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

The discussion and analysis of the West Muskingum Local School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- Net position of governmental activities increased \$6,585,475 from restated 2024 net position.
- Total assets increased from the prior year. The change was driven by increases in cash and cash equivalents and property taxes receivable. Cash increases were driven by additional property tax revenue. Property tax revenues and receivable estimates increased significantly from the prior year as a result of Muskingum County conducting a reappraisal in calendar year 2024, which generated real estate revenue increases based upon a period of unprecedented housing market value increases.
- The School District's net pension and net OPEB liabilities decreased by more than \$1.7 million, due in part to the increased earnings on investments of the respective pension/OPEB plans as of their measurement dates.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the West Muskingum Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

West Muskingum Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2025?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, extracurricular activities, and debt service.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Debt Service Fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

West Muskingum Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2025 compared to 2024.

Table 1 - Net Position

	Governmental Activities		
	2025	2024	Change
Assets			
Current and Other Assets	\$31,157,618	\$26,308,979	\$4,848,639
Net OPEB Asset	854,791	892,236	(37,445)
Capital Assets	32,894,718	32,289,021	605,697
<i>Total Assets</i>	<u>64,907,127</u>	<u>59,490,236</u>	<u>5,416,891</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	307,279	362,254	(54,975)
Pension	2,549,561	2,852,829	(303,268)
OPEB	415,625	472,777	(57,152)
<i>Total Deferred Outflows of Resources</i>	<u>3,272,465</u>	<u>3,687,860</u>	<u>(415,395)</u>
Liabilities			
Current and Other Liabilities	2,521,241	2,510,031	11,210
Long-Term Liabilities			
Due Within One Year	1,922,703	1,408,290	514,413
Due In More Than One Year:			
Net Pension Liability	11,172,659	12,604,831	(1,432,172)
Net OPEB Liability	504,473	832,699	(328,226)
Other Amounts	10,981,842	10,481,087	500,755
<i>Total Liabilities</i>	<u>27,102,918</u>	<u>27,836,938</u>	<u>(734,020)</u>
Deferred Inflows of Resources			
Property Taxes	7,841,425	6,549,220	1,292,205
Payment in Lieu of Taxes	194,827	156,470	38,357
Deferred Charge on Refunding	11,721	13,674	(1,953)
Pension	1,552,476	1,209,387	343,089
OPEB	1,494,140	1,610,673	(116,533)
<i>Total Deferred Inflows of Resources</i>	<u>11,094,589</u>	<u>9,539,424</u>	<u>1,555,165</u>
Net Position			
Net Investment in Capital Assets	23,030,855	20,913,907	2,116,948
Restricted	4,701,907	4,964,331	(262,424)
Unrestricted (Deficit)	2,249,323	(76,504)	2,325,827
Total Net Position	<u>\$29,982,085</u>	<u>\$25,801,734</u>	<u>\$4,180,351</u>

Table 1 provides a summary of the School District's net position for fiscal year 2025 compared to 2024. For 2025, the School District implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections*, does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principles.

West Muskingum Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

The implementation of GASB 101 resulted in recognizing additional compensated absences liabilities of \$2,405,124 in governmental activities at July 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional compensated absences expense (See Note 3).

The net pension liability (NPL) is one of the larger liabilities reported by the School District at June 30, 2025. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

The increase in total assets is due to increases in current and other assets and capital assets. The increase in current and other assets is primarily due to increases in equity in pooled cash and cash equivalents and property taxes receivable. Cash and property taxes receivable increased due to increases in property tax revenues and estimates because of Muskingum County conducting a reappraisal in calendar year 2024, which generated real estate revenue increases based upon a period of unprecedented housing market value increases. Capital assets increased primarily due to completion of the new Administration Center and Preschool Renovations Project, which have a value of over \$2.6 million. Along with the completion of these projects, the start of new Kindergarten Classroom Renovations Project is underway. Annual depreciation and amortization of existing capital assets served as an offset to capital asset additions during the fiscal year.

The decrease in total liabilities is due to decreases in both the net pension liability and the net OPEB liability, due in part to the increased earnings on investments of the respective pension/OPEB plans as of their measurement dates. The School District also reduced its long-term obligations with annual debt service of nearly \$1.3 million during the fiscal year.

The School District's deferred inflows of resources increased, primarily due to the accounting for property taxes. The notable increase in deferred inflows related to pension resulted from the difference between projected and actual earning on investments recognized in the current year, offset by the amortization recognized in the current year. Additionally, the increase in deferred inflows was offset by decreases in deferred outflows of resources for OPEB due to the amortization recognized in the current year offset by the change in assumption that was recognized in 2025.

West Muskingum Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Table 2 shows the changes in net position for the fiscal year ended June 30, 2025, and comparisons to fiscal year 2024.

Table 2 - Changes in Net Position

	Governmental Activities		
	2025	2024	Change
Program Revenues:			
Charges for Services and Sales	\$1,062,338	\$1,105,329	(\$42,991)
Operating Grants, Contributions, and Interest	2,771,518	3,053,123	(281,605)
Capital Grants and Contributions	998,591	2,055,776	(1,057,185)
<i>Total Program Revenues</i>	<u>4,832,447</u>	<u>6,214,228</u>	<u>(1,381,781)</u>
General Revenues:			
Property Taxes	13,916,925	11,425,541	2,491,384
Revenue in Lieu of Taxes	159,746	153,870	5,876
Unrestricted Grants and Entitlements	6,911,506	6,427,483	484,023
Unrestricted Contributions and Donations	1,554	57,212	(55,658)
Investment Earnings	413,451	385,213	28,238
Gain on Sale of Capital Assets	0	1,200	(1,200)
Insurance Recoveries	0	168,860	(168,860)
Miscellaneous	8,538	112,464	(103,926)
<i>Total General Revenues</i>	<u>21,411,720</u>	<u>18,731,843</u>	<u>2,679,877</u>
<i>Total Revenues</i>	<u>26,244,167</u>	<u>24,946,071</u>	<u>1,298,096</u>
Instruction:			
Regular	7,055,058	7,087,861	(32,803)
Special	2,925,527	2,905,991	19,536
Intergovernmental	17,371	17,409	(38)
Vocational	200,023	192,622	7,401
Support Services:			
Pupils	912,120	937,750	(25,630)
Instructional Staff	374,617	282,225	92,392
Board of Education	15,487	16,260	(773)
Administration	1,903,092	1,694,791	208,301
Fiscal	642,972	624,204	18,768
Operation and Maintenance of Plant	2,288,143	2,322,660	(34,517)
Pupil Transportation	1,463,019	1,420,395	42,624
Central	4,344	3,434	910
Operation of Non-Instructional Services:			
Food Service Operations	928,455	885,997	42,458
Other Non-Instructional Services	19,006	14,619	4,387
Extracurricular Activities	643,273	586,392	56,881
Interest	266,185	293,770	(27,585)
<i>Total Expenses</i>	<u>19,658,692</u>	<u>19,286,380</u>	<u>372,312</u>
<i>Change in Net Position</i>	<u>6,585,475</u>	<u>5,659,691</u>	<u>925,784</u>
<i>Net Position Beginning of Year as Previously Reported</i>	<u>25,801,734</u>	<u>20,142,043</u>	<u>5,659,691</u>
Restatement - See Note 3	(2,405,124)	-	(2,405,124)
<i>Restated Net Position Beginning of Year</i>	<u>23,396,610</u>	<u>20,142,043</u>	<u>3,254,567</u>
Net Position End of Year	<u>\$29,982,085</u>	<u>\$25,801,734</u>	<u>\$4,180,351</u>

West Muskingum Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

Table 2 provides a summary of the School District's change in net position for fiscal year 2025 compared to 2024. The above table also separately reflects the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections* does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principles. The 2024 information does not reflect activity related to the additional compensated absences expenses required under GASB 101, *Compensated Absences*. (See also explanation of new accounting pronouncements provided related to Net Position - Table 1 and explanation provided in Note 3.)

The decrease in program revenues is due to a decrease in capital grants and contributions. In the prior year, a larger portion of the Elementary and Secondary School Emergency Relief (ESSER) grant moneys were used toward the New Admin Center and Preschool Renovations Project. In 2025, the ESSER funding was notably less than previous years. The decrease in capital grants and contributions was offset by the receipt of a capital contribution for \$240,000 from an in-kind donation for upgrades to the baseball and softball field complex road.

General revenues continue to be the primary revenue source for the School District, most notably property taxes and unrestricted grants and entitlements. The School District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decreases as the property valuation increases thus generating about the same revenue. Property taxes increased due to the County reappraisal previously discussed. The increase in unrestricted grants and entitlements represents an increase in the amount received from State Foundation Funding.

Instructional programs continue to represent the majority of total governmental program expenses. There was a slight decrease in the regular and intergovernmental expenses compared to prior year. The continuing increase in total program expenses is due to increases in the costs of support services programs, as well as the costs of the food service operations program.

The Statement of Activities shows the cost of program services and the charges for services and sales, grants, contributions, and interest offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

West Muskingum Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Table 3 - Governmental Activities
Governmental Activities

	2025 Total Cost of Services	2025 Net Cost of Services	2024 Total Cost of Services	2024 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$7,055,058	\$6,806,122	\$7,087,861	\$6,721,750
Special	2,925,527	951,511	2,905,991	897,219
Intergovernmental	17,371	0	17,409	0
Vocational	200,023	165,198	192,622	163,461
Support Services:				
Pupils	912,120	841,179	937,750	895,622
Instructional Staff	374,617	363,974	282,225	271,489
Board of Education	15,487	15,487	16,260	16,260
Administration	1,903,092	1,777,004	1,694,791	1,585,587
Fiscal	642,972	642,972	624,204	624,204
Operation and Maintenance of Plant	2,288,143	1,491,306	2,322,660	(68,950)
Pupil Transportation	1,463,019	1,411,503	1,420,395	1,400,059
Central	4,344	4,344	3,434	3,296
Operation of Non-Instructional Services:				
Food Service Operations	928,455	(20,123)	885,997	(92,463)
Other Non-Instructional Services	19,006	7,833	14,619	7,387
Extracurricular Activities	643,273	101,750	586,392	353,461
Interest	266,185	266,185	293,770	293,770
Totals	\$19,658,692	\$14,826,245	\$19,286,380	\$13,072,152

The dependence upon tax revenues and state subsidies for governmental activities is apparent. For 2025, only 25 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services and sales, grants, contributions, and interest. The remaining 75 percent is provided through taxes, entitlements, and other general revenues.

The School District Funds

The School District's governmental major funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues in the amount of \$26,444,925, expenditures in the amount of \$22,567,992, and an overall increase in fund balance in the amount of \$4,006,246, after other financing sources and uses.

General Fund

The fund balance of the General Fund increased by more than \$2.3 million, driven by increases in property taxes and intergovernmental revenues. Property taxes increased due to the County reappraisal previously discussed. Increases in the amounts received through State Foundation Funding resulted in increase in intergovernmental revenue. In total, General Fund expenditures increased from fiscal year 2024 amounts. Increases in regular instruction and operation and maintenance of plant represented a majority of the increase. Regular instruction increased primarily related to increases in wages and fringe benefits. Operation and maintenance of plant increased due to the School District working on extensive updates and additions to its buildings and improvements and equipment.

West Muskingum Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Debt Service Fund

The Debt Service Fund receives property tax revenues and related property tax allocations to service taxpayer voted bond issues. The millage for bond retirement has been adjusted in prior fiscal years due to ample cash balances necessary to meet current and upcoming debt service payments. As a result of an increase in property tax revenue the Debt Service Fund's fund balance increased in fiscal year 2025.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During fiscal year 2025, the School District amended its General Fund appropriations, however, the School District made no modifications to its estimated resources. The budgetary statement reflects both the original and final amounts. The final appropriations budget was amended to more closely reflect the actual results of operations. When taken together, the actual results of revenues were different than estimated. The difference was related to the School District receiving more property tax and intergovernmental revenue than estimated related to increases in property valuations and school foundation funding.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the School District had \$32,894,718 invested in land, land improvements, construction in progress, development in progress, buildings and improvements, furniture and equipment, vehicles, and intangible right to use equipment. Table 4 shows fiscal year 2025 balances compared to 2024.

Table 4
Capital Assets at June 30
(Net of Depreciation/Amortization)

	Government Activities	
	2025	2024
Land and Land Improvements	\$3,256,559	\$2,961,929
Construction in Progress	506,479	2,221,943
Development in Progress	49,122	0
Buildings and Improvements	26,855,658	25,299,661
Furniture and Equipment	1,133,648	689,415
Vehicles	1,058,703	1,067,706
Intangible Right to Use Equipment	34,549	48,367
Totals	\$32,894,718	\$32,289,021

See Note 9 for additional information regarding capital assets.

West Muskingum Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

Debt

At June 30, 2025, the School District had \$8,988,000 outstanding in 2021 series A refunding bonds and 2021 series B refunding bonds, with \$1,341,000 being due within one year. The bonds were issued to refinance bonds previously issued for school facilities construction and improvements. Leases payable outstanding at June 30, 2025, were \$44,946, with \$13,771 due in one year. Financed purchases outstanding at June 30, 2025 were \$690,000, with \$86,000 due in one year. See Note 15 for more detailed information of the School District's debt. The net pension and OPEB liabilities under GASB 68 and 75 are reported as a long-term obligations, as well as compensated absences, that have been previously disclosed within this Discussion and Analysis.

Economic Factors

The West Muskingum Local School District offers a unique blend of rural and suburban neighborhoods. The School District serves students in Muskingum and Licking Counties. Approximately 94 percent of the School District is located in Muskingum County and the remaining 6 percent is in Licking County. Residential and agricultural property generates 64 percent of local real estate revenue, commercial property generates approximately 21 percent, and public utility generates 15 percent of total real estate revenue. Muskingum County conducted a reappraisal in calendar year 2024, receivable in calendar year 2025, which generated real estate revenue increases based upon a period of unprecedented housing market value increases. The School District monitors its effective tax rates, House Bill 920, and the corresponding effects on future real estate tax revenue. There currently exists a number of Property Tax Reform Bills in the State Legislature, which threaten to significantly reduce school district real estate revenues across the State of Ohio. Long term planning is crucial as these bills move through the Legislature.

The School District has experienced significant enrollment increases in the elementary grade levels over the last several years. Significant data is prepared trending students through grade levels to appropriately forecast revenues and expenses, as well as to define appropriate building capacities by grade level. The current economically disadvantaged population is 49 percent. The State Share Index which defines the revenue funding level from the State of Ohio is 31 percent.

As addressed earlier in this Discussion and Analysis, the influx of federal stimulus moneys in recent years has allowed the School District to increase its cash asset balances, by relying on grant programs to provide for services. Following the conclusion of stimulus dollars, the School District continues to monitor the fiscal cliff that has resulted.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Kimberly Downs, Treasurer at West Muskingum Local School District, 4880 West Pike, Zanesville, Ohio 43701. You may also e-mail the treasurer at kdowns@westmschools.org.

Basic Financial Statements

West Muskingum Local School District, Ohio

Statement of Net Position

June 30, 2025

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$16,224,149
Accounts Receivable	8,627
Intergovernmental Receivable	301,622
Prepaid Items	295,844
Inventory Held for Resale	5,689
Accrued Interest Receivable	27,299
Materials and Supplies Inventory	17,147
Property Taxes Receivable	14,082,414
Payments in Lieu of Taxes Receivable	194,827
Net OPEB Asset	854,791
Nondepreciable Capital Assets	1,111,934
Depreciable Capital Assets, Net	<u>31,782,784</u>
<i>Total Assets</i>	<u>64,907,127</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	307,279
Pension	2,549,561
OPEB	<u>415,625</u>
<i>Total Deferred Outflows of Resources</i>	<u>3,272,465</u>
Liabilities	
Accounts Payable	76,219
Accrued Wages and Benefits Payable	1,505,237
Matured Compensated Absences	30,290
Contracts Payable	436,475
Accrued Interest Payable	12,891
Intergovernmental Payable	373,833
Accrued Vacation Leave Payable	86,296
Long-Term Liabilities:	
Due Within One Year	1,922,703
Due in More Than One Year:	
Net Pension Liability	11,172,659
Net OPEB Liability	504,473
Other Amounts	<u>10,981,842</u>
<i>Total Liabilities</i>	<u>27,102,918</u>
Deferred Inflows of Resources	
Property Taxes	7,841,425
Payments in Lieu of Taxes	194,827
Deferred Charge on Refunding	11,721
Pension	1,552,476
OPEB	<u>1,494,140</u>
<i>Total Deferred Inflows of Resources</i>	<u>11,094,589</u>
Net Position	
Net Investment in Capital Assets	23,030,855
Restricted for:	
Debt Service	2,145,791
Classroom Facilities Maintenance	801,366
Local, State, and Federal Grants	10,309
Student Activities	55,327
Athletics and Music	133,709
OPEB Plans	854,791
Food Service Operations	700,614
Unrestricted	<u>2,249,323</u>
<i>Total Net Position</i>	<u>\$29,982,085</u>
See accompanying notes to the basic financial statements	

West Muskingum Local School District, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$7,055,058	\$42,125	\$206,811	\$0	(\$6,806,122)
Special	2,925,527	392,453	1,581,563	0	(951,511)
Special - Intergovernmental	17,371	0	17,371	0	0
Vocational	200,023	0	34,825	0	(165,198)
Support Services:					
Pupils	912,120	0	70,941	0	(841,179)
Instructional Staff	374,617	0	10,643	0	(363,974)
Board of Education	15,487	0	0	0	(15,487)
Administration	1,903,092	11,352	114,736	0	(1,777,004)
Fiscal	642,972	0	0	0	(642,972)
Operation and Maintenance of Plant	2,288,143	4,450	33,796	758,591	(1,491,306)
Pupil Transportation	1,463,019	51,516	0	0	(1,411,503)
Central	4,344	0	0	0	(4,344)
Operation of Non-Instructional Services:					
Food Service Operations	928,455	278,440	670,138	0	20,123
Other Non-Instructional Services	19,006	0	11,173	0	(7,833)
Extracurricular Activities	643,273	282,002	19,521	240,000	(101,750)
Interest	266,185	0	0	0	(266,185)
Totals	\$19,658,692	\$1,062,338	\$2,771,518	\$998,591	(14,826,245)
General Revenues					
Property Taxes Levied for:					
General Purposes					12,335,350
Debt Service					1,581,575
Revenues in Lieu of Taxes					159,746
Grants and Entitlements					
not Restricted to Specific Programs					6,911,506
Unrestricted Contributions and Donations					1,554
Investment Earnings/Interest					413,451
Miscellaneous					8,538
Total General Revenues					21,411,720
Change in Net Position					6,585,475
Net Position Beginning of Year as Previously Reported					25,801,734
Restatement - Change in Accounting Principle (See Note 3)					(2,405,124)
Restated Net Position Beginning of Year					23,396,610
Net Position End of Year					\$29,982,085

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2025*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$10,486,925	\$1,373,344	\$4,363,880	\$16,224,149
Accounts Receivable	8,457		170	8,627
Payments in Lieu of Taxes Receivable	2,742	0	192,085	194,827
Accrued Interest Receivable	27,299	0	0	27,299
Intergovernmental Receivable	127,078	0	174,544	301,622
Interfund Receivable	24,030	0	0	24,030
Prepaid Items	295,514	0	330	295,844
Inventory Held for Resale	0	0	5,689	5,689
Materials and Supplies Inventory	16,159	0	988	17,147
Property Taxes Receivable	12,653,903	1,428,511	0	14,082,414
<i>Total Assets</i>	<u>\$23,642,107</u>	<u>\$2,801,855</u>	<u>\$4,737,686</u>	<u>\$31,181,648</u>
Liabilities				
Accounts Payable	\$62,200	\$0	\$14,019	\$76,219
Interfund Payable	0	0	24,030	24,030
Accrued Wages and Benefits Payable	1,323,693	0	181,544	1,505,237
Matured Compensated Absences	30,290	0	0	30,290
Contracts Payable	306,475	0	130,000	436,475
Intergovernmental Payable	346,336	0	27,497	373,833
<i>Total Liabilities</i>	<u>2,068,994</u>	<u>0</u>	<u>377,090</u>	<u>2,446,084</u>
Deferred Inflows of Resources				
Property Taxes	7,198,252	643,173	0	7,841,425
Payments in Lieu of Taxes	2,742	0	192,085	194,827
Unavailable Revenues	620,789	60,084	85,684	766,557
<i>Total Deferred Inflows of Resources</i>	<u>7,821,783</u>	<u>703,257</u>	<u>277,769</u>	<u>8,802,809</u>
Fund Balances				
Nonspendable	311,673	0	1,318	312,991
Restricted	0	2,098,598	1,611,210	3,709,808
Committed	1,422,725	0	85,721	1,508,446
Assigned	812,645	0	2,470,262	3,282,907
Unassigned (Deficit)	11,204,287	0	(85,684)	11,118,603
<i>Total Fund Balances</i>	<u>13,751,330</u>	<u>2,098,598</u>	<u>4,082,827</u>	<u>19,932,755</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$23,642,107</u>	<u>\$2,801,855</u>	<u>\$4,737,686</u>	<u>\$31,181,648</u>

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio
*Reconciliation of Total Governmental Funds Balances to
Net Position of Governmental Activities
June 30, 2025*

Total Governmental Fund Balances	\$19,932,755
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Amounts reported for governmental activities in the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	32,894,718
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Other long-term assets are not available to pay for current-period expenditures and therefore are shown as deferred inflows of resources in the funds:

Delinquent Property Taxes	570,362	
Intergovernmental	85,684	
Tuition and Fees	<u>110,511</u>	766,557

Vacation leave payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(86,296)
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Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(12,891)
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Deferred outflows of resources represent deferred charges on refundings which are not reported in the funds.	307,279
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Deferred inflows of resources represent deferred charges on refundings which are not reported in the funds.	(11,721)
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds:

Bonds Payable	(8,988,000)	
Financed Purchase	(690,000)	
Leases Payable	(44,946)	
Sick Leave Payable	<u>(3,181,599)</u>	(12,904,545)

The net pension liability and net OPEB liability/asset are not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in the governmental funds:

Net OPEB Asset	854,791	
Deferred Outflows - Pension	2,549,561	
Deferred Outflows - OPEB	415,625	
Net Pension Liability	(11,172,659)	
Net OPEB Liability	(504,473)	
Deferred Inflows - Pension	(1,552,476)	
Deferred Inflows - OPEB	<u>(1,494,140)</u>	<u>(10,903,771)</u>

<i>Net Position of Governmental Activities</i>	<u><u>\$29,982,085</u></u>
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See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$12,328,745	\$1,591,850	\$0	\$13,920,595
Revenues in Lieu of Taxes	0	0	159,746	159,746
Intergovernmental	7,617,096	153,899	2,661,884	10,432,879
Investment Earnings/Interest	413,255	158	1,174	414,587
Tuition and Fees	492,910	0	0	492,910
Extracurricular Activities	11,352	0	282,002	293,354
Rent	4,450	0	0	4,450
Charges for Services and Sales	0	0	278,440	278,440
Contributions and Donations	387,411	0	52,015	439,426
Miscellaneous	8,538	0	0	8,538
<i>Total Revenues</i>	<u>21,263,757</u>	<u>1,745,907</u>	<u>3,435,261</u>	<u>26,444,925</u>
Expenditures				
Current:				
Instruction:				
Regular	6,830,490	0	288,410	7,118,900
Special	2,108,728	0	869,156	2,977,884
Vocational	187,586	0	2,479	190,065
Support Services:				
Pupils	857,913	0	70,941	928,854
Instructional Staff	347,786	0	10,643	358,429
Board of Education	15,487	0	0	15,487
Administration	1,919,253	0	0	1,919,253
Fiscal	610,400	26,621	0	637,021
Operation and Maintenance of Plant	3,005,388	0	247,514	3,252,902
Pupil Transportation	1,665,719	0	0	1,665,719
Central	4,344	0	0	4,344
Operation of Non-Instructional Services:				
Food Service Operations	0	0	1,014,080	1,014,080
Other Non-Instructional Services	7,833	0	11,173	19,006
Extracurricular Activities	208,063	0	253,074	461,137
Capital Outlay	22,506	0	372,734	395,240
Debt Service:				
Principal Retirement	94,301	1,283,000	0	1,377,301
Interest	43,578	171,421	0	214,999
Intergovernmental	0	0	17,371	17,371
<i>Total Expenditures</i>	<u>17,929,375</u>	<u>1,481,042</u>	<u>3,157,575</u>	<u>22,567,992</u>
<i>Excess of Revenues Over Expenditures</i>	<u>3,334,382</u>	<u>264,865</u>	<u>277,686</u>	<u>3,876,933</u>
Other Financing Sources (Uses)				
Insurance Recoveries	129,313	0	0	129,313
Transfers In	0	0	1,110,000	1,110,000
Transfers Out	(1,110,000)	0	0	(1,110,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(980,687)</u>	<u>0</u>	<u>1,110,000</u>	<u>129,313</u>
<i>Net Change in Fund Balances</i>	<u>2,353,695</u>	<u>264,865</u>	<u>1,387,686</u>	<u>4,006,246</u>
<i>Fund Balances Beginning of Year</i>	<u>11,397,635</u>	<u>1,833,733</u>	<u>2,695,141</u>	<u>15,926,509</u>
<i>Fund Balances End of Year</i>	<u>\$13,751,330</u>	<u>\$2,098,598</u>	<u>\$4,082,827</u>	<u>\$19,932,755</u>

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025*

Net Change in Fund Balances - Total Governmental Funds		\$4,006,246
<i>Amounts reported for governmental activities in the statement of activities are different because of the following:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current year:		
Capital Assets Additions	2,079,261	
Current Year Depreciation/Amortization Expense	<u>(1,602,881)</u>	476,380
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(136,445)
Insurance recoveries for impaired assets are reported as other financing sources in the governmental funds. In the statement of activities, they are netted against the impairment loss for the capital asset.		
Insurance Recoveries	129,313	
Impairment Loss	<u>(103,551)</u>	25,762
Capital contributions of assets that are not reported in the funds, but are additions to capital assets on the entity-wide statements.		240,000
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Property Taxes	(3,670)	
Intergovernmental	(430,272)	
Tuition and Fees	<u>(32,578)</u>	(466,520)
Some expenses reported on the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:		
Vacation Leave Payable	(34,695)	
Sick Leave Payable	<u>12,655</u>	(22,040)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Deferred Charges on Refunding Amortization	(53,022)	
Accrued Interest Payable	<u>1,836</u>	(51,186)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,377,301
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	1,208,075	
OPEB	<u>36,620</u>	1,244,695
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities/assets are reported as pension/OPEB expense in the statement of activities:		
Pension	(422,260)	
OPEB	<u>313,542</u>	(108,718)
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$6,585,475</u></u>
See accompanying notes to the basic financial statements		

West Muskingum Local School District, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Property Taxes	\$10,535,582	\$10,535,582	\$11,372,424	\$836,842
Intergovernmental	6,890,056	6,890,056	7,660,744	770,688
Interest	350,000	350,000	367,787	17,787
Tuition and Fees	569,150	569,150	484,453	(84,697)
Rent	4,500	4,500	4,450	(50)
Contributions and Donations	5,000	5,000	393,304	388,304
Miscellaneous	27,500	27,500	8,538	(18,962)
<i>Total Revenues</i>	<u>18,381,788</u>	<u>18,381,788</u>	<u>20,291,700</u>	<u>1,909,912</u>
Expenditures				
Current:				
Instruction:				
Regular	7,506,044	7,135,412	7,104,236	31,176
Special	2,303,435	2,122,321	2,122,321	0
Vocational	220,200	188,408	188,408	0
Support Services:				
Pupils	963,261	895,787	895,787	0
Instructional Staff	433,117	359,641	359,641	0
Board of Education	21,616	15,458	15,458	0
Administration	1,906,493	1,790,429	1,790,429	0
Fiscal	668,092	633,446	633,446	0
Operation and Maintenance of Plant	2,939,505	4,867,113	4,867,113	0
Pupil Transportation	1,676,772	1,765,557	1,765,557	0
Central	4,228	6,324	6,324	0
Operation of Non-Instructional Services	7,399	7,833	7,833	0
Extracurricular Activities	247,524	209,111	209,111	0
Capital Outlay	17,602	308,450	308,450	0
Debt Service:				
Principal Retirement	82,000	82,000	82,000	0
Interest	37,712	37,712	37,712	0
<i>Total Expenditures</i>	<u>19,035,000</u>	<u>20,425,002</u>	<u>20,393,826</u>	<u>31,176</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(653,212)</u>	<u>(2,043,214)</u>	<u>(102,126)</u>	<u>1,941,088</u>
Other Financing Sources (Uses)				
Insurance Recoveries	0	0	129,313	129,313
Transfers Out	0	(1,110,000)	(1,110,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(1,110,000)</u>	<u>(980,687)</u>	<u>129,313</u>
<i>Net Change in Fund Balance</i>	<u>(653,212)</u>	<u>(3,153,214)</u>	<u>(1,082,813)</u>	<u>2,070,401</u>
<i>Fund Balance Beginning of Year</i>	<u>7,708,969</u>	<u>7,708,969</u>	<u>7,708,969</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>1,257,002</u>	<u>1,257,002</u>	<u>1,257,002</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$8,312,759</u>	<u>\$5,812,757</u>	<u>\$7,883,158</u>	<u>\$2,070,401</u>

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Note 1 - Description of the School District and Reporting Entity

West Muskingum Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District was formed in 1960 and operates under a locally elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District is staffed by 61 classified employees, 91 certificated full-time teaching personnel, and 11 administrative employees who provide services to 1,611 students and other community members. The School District currently operates four instructional buildings and one administrative building.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For West Muskingum Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District has no component units.

The School District participates in four jointly governed organizations and three insurance purchasing pools. These organizations are the Licking Area Computer Association, the Mid-East Career and Technology Center, META, the Coalition of Rural and Appalachian Schools, the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program, the Ohio School Plan, and the Ohio School Benefits Cooperative. These organizations are presented in Notes 19 and 20 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described as follows.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The School District uses only governmental funds.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The General Fund and Debt Service Fund are the major funds of the School District. The following is a description of these funds:

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

General Fund The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose, provided it is expended and transferred according to the general laws of Ohio.

Debt Service Fund The Debt Service Fund accounts for and reports property tax revenues restricted for the payment of, general long-term debt principal, interest, and related costs.

The nonmajor governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, payment in lieu of taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

(See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, grants, tuition and fees, and contributions and donations.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension, and OPEB. Deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, payment in lieu of taxes, deferred charges on refunding, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance year 2026 operations. These amounts have been recorded as deferred inflow on both the government-wide statement of net position and the government fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 13 and 14).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as equity in pooled cash and cash equivalents on the financial statements.

The School District had investments, which were limited to a money market mutual fund, United States Agency Securities, and United States Treasury Notes. The investments are reported at fair value.

Under existing Ohio statutes, all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the General Fund during 2025 amounted to \$413,255, which includes \$146,136 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund services provided and used are reported as "Interfund Receivable/Payable." Interfund balances are eliminated on the statement of net position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets (except for intangible right-to-use lease assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) The School District maintains a

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land and some land improvements, and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-20 years
Buildings and Improvements	20-40 years
Furniture and Equipment	5-25 years
Vehicles	8 years
Intangible Right to Use Assets - Equipment	5 years

The School District is reporting intangible right to use assets related to lease assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity.

Subscription-Based Information Technology Arrangements (SBITAs)

The School District is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets and subscription payables are not reported as all payments related to the School District's SBITA arrangements were made prior to the commencement of the subscription term. The School District's current SBITA arrangement for software has a three year term, beginning in fiscal year 2026 and ending in fiscal year 2029.

Leases

The School District serves as a lessee in noncancellable leases which is accounted for as follows:

Lessee At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Internal Activity

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers and are eliminated from the statement of activities. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Compensated Absences

For the School District, compensated absences includes leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The School District does not offer noncash settlements. The School District uses a first-in first-out flow assumption for compensated absences.

Liabilities should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates and is allowed to be carried over to subsequent years, and the leave is more likely than not to be used for time off or otherwise paid in cash. For the School District, this leave includes sick and vacation time. However, the School District also has certain compensated absences that are dependent upon the occurrence of sporadic events that affect a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the School District, this type of leave includes bereavement leave, military leave, personal leave, on-the-job injury leave, and court leave. Holiday leave taken on a specific date, not at the discretion of the employee, is recognized as a liability when used. The liability for compensated absences includes salary-related payments, where applicable.

The School District records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service. Since the School District's policy limits the accrual of vacation time to the amount accrued in one year, the outstanding liability is recorded as "accrued vacation leave payable" on the statement of net position rather than as a long-term liability.

Liabilities for compensated absences are recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from the employee who have accumulated unpaid leave are paid.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds, leases, and long-term loans are recognized as a liability on the governmental fund financial statements when due.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. The “not in spendable form” includes items that are not expected to be converted to cash.

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. Fund balance is reported as restricted when constraints/ placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or by State statute. State statute authorizes the School District’s Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education has also assigned fund balance for capital improvements and public school support.

Unassigned: The unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which the amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted Net Position for OPEB Plans represents the corresponding restricted asset amounts held in trust by the OPEB plans for future benefits.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items in fiscal year 2025.

Capital Contribution

Contribution of capital arise from outside contribution of capital assets, tap-in fees to extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate of estimated resources in effect at the time the final appropriations were passed by the Board.

The appropriation resolution is subject to amendment by the Board of Education throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during the fiscal year, including all supplemental appropriations.

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows/inflows of resources on the statement of net position.

Note 3 – Accounting Changes and Restatement of Net Position

For fiscal year 2025, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.

GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs such an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The effect of implementing the GASB pronouncement is shown in the table that follows.

GASB 102 will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB 102 requirements apply only to note disclosure and do not have any effect on beginning net position/fund balance. The School District evaluated its concentrations and constraints but did not have any events that required disclosure.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

For the School District, GASB Statement No. 101 increased the compensated absences liability and the cumulative effects of compensated absence related expense on beginning net position as shown on the following table.

	Changes in Accounting Principles		
	6/30/2024 As Previously Reported	GASB 101	6/30/2024 As Restated
Government Wide			
Governmental Activities	<u>\$25,801,734</u>	<u>(\$2,405,124)</u>	<u>\$23,396,610</u>
Government Funds			
Major Funds:			
General	\$11,397,635	\$0	\$11,397,635
Debt Service	1,833,733	0	1,833,733
Other Governmental Funds	<u>2,695,141</u>	<u>0</u>	<u>2,695,141</u>
Total Governmental Funds	<u>15,926,509</u>	<u>0</u>	<u>15,926,509</u>

Note 4 - Fund Deficits

The following funds had deficit fund balances as of June 30, 2025:

Special Revenue Funds:

Title I	\$48,576
Title IV-B	29,665
School Improvement and Support	4,671
Title II-A	<u>2,772</u>
	<u>\$85,684</u>

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).
4. Negative cash interfund advances and prepaid items are reported on the balance sheet (GAAP) but not on the budgetary basis.
4. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).
5. The investment market value adjustment is the amount recorded to bring investments to market value on the balance sheet (GAAP basis) that is not recorded on budgetary (Cash basis).
6. Unrecorded cash and unrecorded interest are reported on the balance sheet (GAAP basis), but not on the budgetary basis. The reconciled difference between the beginning and end of the year is reflected in the following table as unrecorded cash.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
GAAP Basis	\$2,353,695
Net Adjustment for Revenue Accruals	(942,536)
Beginning of Year:	
Prepaid Items	161,453
End of Year:	
Unreported Cash	(6,779)
Difference in Fair Market Value	(11,390)
Prepaid Items	(295,514)
To reclassify excess of revenues and other sources of financial resources under expenditures and other uses of financial resources into financial statement fund types	84
Net Adjustment for Expenditure Accruals	242,223
Adjustment for Encumbrances	(2,584,049)
Budget Basis	<u><u>(\$1,082,813)</u></u>

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Note 6 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments

Investments are reported at fair value. As of June 30, 2025, the School District had the following investments:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>Rating</u>	<u>Percent of Total Investments</u>
Fair Value - Level One Input: Money Market Mutual Fund	<u>\$3,062,595</u>	N/A	N/A	60.66%
Fair Value - Level Two Inputs:				
United States Agency Securities	750,253	Less than three years	AA+(*)	14.86%
United States Agency Securities	499,314	Less than five years	AA+(*)	9.89%
United States Treasury Notes	<u>736,711</u>	Less than one year	AA+(*)	<u>14.59%</u>
Total Fair Value - Level Two Inputs	<u>1,986,278</u>			
Total Investments	<u><u>\$5,048,873</u></u>			<u>100.00%</u>

(*) Rating obtained from Standard & Poor's

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2025. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

State Statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk The credit ratings for the School District's securities are listed above. Ohio Law requires that money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

Note 7 - Property Taxes and Tax Abatements

Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien December 31, 2023, were levied after April 1, 2024, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Muskingum and Licking Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2026 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2025, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal yearend. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources for property taxes.

The amount available as an advance at June 30, 2025, was \$5,670,627; \$4,945,373 was available to the General Fund and \$725,254 was available to the Debt Service Fund. The amount available as an advance at June 30, 2024, was \$4,516,650; \$3,989,052 was available to the General Fund and \$527,598 was available to the Debt Service Fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2025 taxes were collected are:

	2024 Second- Half Collections		2025 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$381,191,601	90.51%	\$512,665,631	92.94%
Public Utility Personal	39,970,160	9.49%	38,960,380	7.06%
Total	<u>\$421,161,761</u>	<u>100.00%</u>	<u>\$551,626,011</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$46.10		\$44.40	

Bond levy rates are adjusted based upon amounts necessary for the retirement of debt service in order to collect the fixed amount approved.

Tax Abatements

The School District's property taxes were reduced by an Enterprise Zone agreement entered into by City of Zanesville. The amount of the fiscal year 2025 taxes abated for the School District was \$4,977.

Note 8 - Receivables

Receivables at June 30, 2025, consisted of property taxes, interfund, payments in lieu of taxes, accounts (student fees and tuition), and intergovernmental grants.

All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for delinquent property taxes and payment in lieu of taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$570,362 as of June 30, 2025.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Title I Grant	\$78,105
Title II-A Grant	7,679
IDEA-B Special Education	80,115
Agriculture Education 5th Quarter	2,479
Supplemental School Improvement	6,166
State Foundation Adjustments	123,903
Medicaid Reimbursement	3,175
Total	<u><u>\$301,622</u></u>

On December 27, 2006, the City of Zanesville entered into a tax increment financing agreement with Sam's Club, and Phase One for the purpose of public infrastructure improvements consisting of designing, engineering, improving, and constructing a new four-lane roadway and constructing water and sewer upgrades therewith. To encourage these improvements, property owners were granted an exemption from paying real property taxes on the new construction. Sam's Club and Phase One were granted a 100 percent, thirty-year real property taxes exemption. The School District has agreed to this project and is being made whole for lost real property taxes that otherwise would have been due each year, pursuant to the financing agreement. The property owners make payment in lieu of taxes to the City of Zanesville which are distributed to the School District. These payments are being used to finance infrastructure improvements and will continue over thirty years. Based upon the provisions of the agreement, the payments in lieu of taxes include scheduled increases over the thirty-year period of the school compensation agreement. As of June 30, 2025, a receivable for \$192,085 has been recorded which represents the payment anticipated for fiscal year 2026.

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West Muskingum Local School District, Ohio*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2025***Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balance 6/30/24	Additions	Deletions	Balance 6/30/25
Governmental Activities				
<i>Nondepreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Land	\$140,494	\$0	\$0	\$140,494
Land Improvements	415,839	0	0	415,839
Construction in Progress	2,221,943	856,576	(2,572,040)	506,479
<i>Total Tangible Assets</i>	2,778,276	856,576	(2,572,040)	1,062,812
<i>Intangible Right to Use</i>				
<i>Subscription Assets</i>				
Development in Progress	0	49,122	0	49,122
<i>Total Non-Depreciable Capital Assets</i>	2,778,276	905,698	(2,572,040)	1,111,934
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Land Improvements	5,103,512	543,203	0	5,646,715
Buildings and Improvements	40,464,211	2,572,040	(67,123)	42,969,128
Furniture and Equipment	2,795,505	609,734	(792,918)	2,612,321
Vehicles	2,031,876	260,626	(191,035)	2,101,467
<i>Total Tangible Assets</i>	50,395,104	3,985,603	(1,051,076)	53,329,631
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Equipment	69,096	0	0	69,096
<i>Total Depreciable Capital Assets</i>	50,464,200	3,985,603	(1,051,076)	53,398,727
<i>Less Accumulated Depreciation/Amortization</i>				
<i>Depreciation</i>				
Land Improvements	(2,697,916)	(248,573)	0	(2,946,489)
Buildings and Improvements	(15,164,550)	(1,008,911)	59,991	(16,113,470)
Furniture and Equipment	(2,106,090)	(165,501)	792,918	(1,478,673)
Vehicles	(964,170)	(166,078)	87,484	(1,042,764)
<i>Total Depreciation</i>	(20,932,726)	(1,589,063)	940,393	(21,581,396)
<i>Amortization</i>				
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Equipment	(20,729)	(13,818)	0	(34,547)
<i>Total Accumulated Depreciation/Amortization</i>	(20,953,455)	(1,602,881)	940,393	(21,615,943)
<i>Total Depreciable Capital Assets, Net</i>	29,510,745	2,382,722	(110,683)	31,782,784
<i>Governmental Activities Capital Assets, Net</i>	\$32,289,021	\$3,288,420	(\$2,682,723)	\$32,894,718

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Included in the additions and deletions in the above table is a reclass of construction in progress in the amount of \$2,572,040, as a result of the completion of the new administration center and preschool renovations project.

Capital asset additions for land improvements includes capital contributions in the amount of \$240,000.

* Depreciation/amortization expense was charged to governmental functions as follows:

	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
Instruction:			
Regular	\$570,453	\$13,818	\$584,271
Special	147,139	0	147,139
Vocational	18,710	0	18,710
Support Services:			
Pupils	47,978	0	47,978
Instructional Staff	15,599	0	15,599
Administration	127,239	0	127,239
Operation of Maintenance and Plant	206,593	0	206,593
Pupil Transportation	188,316	0	188,316
Extracurricular Activities	182,136	0	182,136
Food Service Operations	84,900	0	84,900
Total	<u>\$1,589,063</u>	<u>\$13,818</u>	<u>\$1,602,881</u>

Note 10 - Interfund Balances and Transfers

Interfund Balances

Interfund balances at June 30, 2025, consist of the following individual fund receivable and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$24,030	\$0
Special Revenue Funds:		
Fifth Quarter Grant	0	2,479
IDEA Part B	0	20,056
School Improvement and Support	0	1,495
Total All Funds	<u>\$24,030</u>	<u>\$24,030</u>

The General Fund made loans to cover actual cash deficits until grant moneys are received.

Transfers

During fiscal year 2025, the General Fund transferred \$1,000,000 to the Permanent Improvement Fund for renovations, \$70,000 to the Technology Capital Projects Fund for the purchase of technological equipment, and \$40,000 to the Permanent Improvement Turf Capital Projects Fund.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Note 11 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2025, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool, for insurance coverage. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP. (See Note 20)

The types and amounts of coverage provided are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$100,027,852
Flood (\$25,000 deductible)	1,000,000
Earthquake (\$25,000 deductible)	1,000,000
Automobile Liability (\$0 deductible)	2,000,000
Auto Medical Payments	5,000
Uninsured Motorists (\$0 deductible)	1,000,000
General Liability	
Per Occurrence - Bodily Injury, Property Damage, and Sexual Abuse Injury	\$2,000,000
Aggregate	4,000,000
Personal and Advertising Injury	2,000,000
Products Completed Operations Aggregate	2,000,000
Educational Legal Liability (\$0 deductible)	
Errors and Omissions Injury Limit	2,000,000
Aggregate Per Year	4,000,000

Settled claims have not exceeded this commercial coverage in any of the past four fiscal years. There has been no significant reduction in insurance coverage from coverage in fiscal year 2025.

Worker's Compensation

The School District participates in the workers' compensation program provided by the State of Ohio. The School District participates in the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program (Program), an insurance purchasing pool (Note 20). The Program is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for participants. The participating school districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can either receive a premium refund or assessment. Employers will pay experience or based rated premiums under the same terms as if they were not in a retro group. The total premium for the entire group is the standard premium of the group. The standard premium serves as the benchmark that is adjusted up and down retroactively. In order to allocate the savings derived by formation of the Program, the Program's executive committee annually calculates the group-retrospective premium based on developed incurred claim losses for the whole group. The new premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, a refund will be distributed to the employers of the group. If the retrospective premium is higher, an assessment will be charged to each participant.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Participation in the Program is limited to school districts that can meet the Program's selection criteria. The firm of Sedgwick serves as the third-party administrator of the Program and provides administrative, cost control, and actuarial services. Each year, the School District pays an enrollment fee to the Program to cover the cost of administering the Program.

The School District may withdraw from the Program if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Program prior to withdrawal.

Note 12 - Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work 260 days per year earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment up to a maximum of 30 days. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 230 days for certified and classified employees. Upon retirement, certified and classified employees receive payment for one-fourth of their total sick leave accumulation up to 57.5 days.

Insurance

The School District provides medical, health, and prescription card coverage through Medical Mutual of Ohio. The School District provided a three-tier healthcare option for fiscal year 2025. The tiers provide a lower premium option, with a corresponding increase to deductibles. Tier I is the base program offered and the School District pays eighty percent of the total monthly premiums of \$2,953.39 for family coverage, and eighty-five percent of total premium of \$1,136.90 for single coverage. Tier II is a seven percent decrement to base program and the school district pays eighty-nine percent of the total monthly premiums of \$2,746.67 for family coverage and ninety-five percent of total premium of \$1,057.33 for single coverage. Tier III is a twelve percent decrement from base program and the school district pays ninety-five percent of the total monthly premiums of \$2,598.99 for family coverage and one hundred percent of total premium of \$1,000.50 for single coverage.

The School District provides life insurance and accidental death and dismemberment insurance to all full-time employees through American United Life Insurance Company through the Ohio School Boards Association Life Insurance Program which is administrated by Grady Benefits.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Note 13 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2024.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$304,838 for fiscal year 2025. Of this amount, \$41,796 is reported as an intergovernmental payable.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age, or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age, or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024, as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age, or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2025 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2025, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$903,237 for fiscal year 2025. Of this amount, \$126,931 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04889920%	0.045064680%	
Prior Measurement Date	0.04932260%	0.045876620%	
Change in Proportionate Share	-0.00042340%	-0.00081194%	
			Total
Proportionate Share of the Net			
Pension Liability	\$2,501,485	\$8,671,174	\$11,172,659
Pension Expense	\$138,445	\$283,815	\$422,260

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$95,505	\$546,057	\$641,562
Changes of assumptions	22,377	399,616	421,993
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	37,016	240,915	277,931
School District contributions subsequent to the measurement date	<u>304,838</u>	<u>903,237</u>	<u>1,208,075</u>
Total Deferred Outflows of Resources	<u>\$459,736</u>	<u>\$2,089,825</u>	<u>\$2,549,561</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$4,748	\$4,748
Changes of assumptions	0	300,796	300,796
Net difference between projected and actual earnings on pension plan investments	156,467	745,544	902,011
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>14,518</u>	<u>330,403</u>	<u>344,921</u>
Total Deferred Inflows of Resources	<u>\$170,985</u>	<u>\$1,381,491</u>	<u>\$1,552,476</u>

\$1,208,075 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	(\$106,209)	(\$621,677)	(\$727,886)
2027	163,963	829,000	992,963
2028	(27,831)	(186,982)	(214,813)
2029	<u>(46,010)</u>	<u>(215,244)</u>	<u>(261,254)</u>
Total	<u>(\$16,087)</u>	<u>(\$194,903)</u>	<u>(\$210,990)</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024, are presented below:

Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	100.00 %	

Discount Rate The total pension liability for 2024 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31 percent.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$3,826,927	\$2,501,485	\$1,385,536

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation are presented as follows:

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00%</u>	

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2024.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$13,988,121	\$8,671,174	\$4,173,948

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System, or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System / State Teachers Retirement System. As of June 30, 2025, three members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Defined Benefit OPEB Plans

See Note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$36,620.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$36,620 for fiscal year 2025, which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.04953130%	0.045064680%	
Prior Measurement Date	<u>0.05054490%</u>	<u>0.045876620%</u>	
Change in Proportionate Share	<u>-0.00101360%</u>	<u>-0.000811940%</u>	
			<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$504,473	\$0	\$504,473
Net OPEB (Asset)	\$0	(\$854,791)	(\$854,791)
OPEB Expense	(\$108,515)	(\$205,027)	(\$313,542)

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$37,159	\$37,159
Changes of assumptions	216,520	105,212	321,732
Net difference between projected and actual earnings on OPEB plan investments	2,463	0	2,463
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	12,070	5,581	17,651
School District contributions subsequent to the measurement date	<u>36,620</u>	<u>0</u>	<u>36,620</u>
Total Deferred Outflows of Resources	<u>\$267,673</u>	<u>\$147,952</u>	<u>\$415,625</u>

Deferred Inflows of Resources			
Differences between expected and actual experience	\$543,954	\$92,117	\$636,071
Changes of assumptions	231,737	385,505	617,242
Net difference between projected and actual earnings on OPEB plan investments	0	36,702	36,702
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>191,417</u>	<u>12,708</u>	<u>204,125</u>
Total Deferred Inflows of Resources	<u>\$967,108</u>	<u>\$527,032</u>	<u>\$1,494,140</u>

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

\$36,620 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability, or an increase to the net OPEB asset, in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$185,837)	(\$134,579)	(\$320,416)
2027	(141,145)	(58,763)	(199,908)
2028	(108,623)	(74,401)	(183,024)
2029	(89,928)	(69,143)	(159,071)
2030	(89,187)	(56,096)	(145,283)
Thereafter	(121,335)	13,902	(107,433)
Total	<u>(\$736,055)</u>	<u>(\$379,080)</u>	<u>(\$1,115,135)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024, are presented as follows:

West Muskingum Local School District, Ohio*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2025*

	June 30, 2024
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2059
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate,	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2024 was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023, and the June 30, 2024, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.93 percent at June 30, 2024, and 3.86 percent at June 30, 2023.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$672,698	\$504,473	\$370,797

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$341,006	\$504,473	\$719,340

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation compared to the prior year are presented as follows:

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	7.50 percent initial 4.14 percent ultimate
Medicare	-112.22 percent initial 3.94 percent ultimate	-10.94 percent initial 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial 3.94 percent ultimate	-11.95 percent initial 4.14 percent ultimate
Medicare	-15.14 percent initial 3.94 percent ultimate	1.33 percent initial 4.14 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

Healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$695,001)	(\$854,791)	(\$993,842)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,003,235)	(\$854,791)	(\$676,267)

Note 15 - Long-Term Obligations

The changes in the School District's long-term obligations during the fiscal year consist of the following:

	Restated Balance 6/30/2024	Additions	Reductions	Principal Outstanding 6/30/2025	Amounts Due in One Year
Refunding Bonds from Direct Placements:					
School Facilities Construction and Improvement Refunding Bonds 2021A Term Bonds - \$5,400,000 1.73%	\$3,852,000	\$0	\$522,000	\$3,330,000	\$532,000
School Facilities Construction and Improvement Refunding Bonds 2021B Term Bonds - \$7,835,000 1.81%	6,419,000	0	761,000	5,658,000	809,000
Total Refunding Bonds	<u>10,271,000</u>	<u>0</u>	<u>1,283,000</u>	<u>8,988,000</u>	<u>1,341,000</u>
Net Pension Liability:					
SERS	2,725,329	0	223,844	2,501,485	0
STRS	9,879,502	0	1,208,328	8,671,174	0
Total Net Pension Liability	<u>12,604,831</u>	<u>0</u>	<u>1,432,172</u>	<u>11,172,659</u>	<u>0</u>
Net OPEB Liability - SERS	832,699	0	328,226	504,473	0
Financed Purchase from Direct Borrowing	772,000	0	82,000	690,000	86,000
Leases Payable	57,247	0	12,301	44,946	13,771
Sick Leave Payable	3,194,254	0	12,655	3,181,599	481,932
Total Governmental Activities Long-Term Liabilities	<u>\$27,732,031</u>	<u>\$0</u>	<u>\$3,150,354</u>	<u>\$24,581,677</u>	<u>\$1,922,703</u>

Increase and decreases to compensated absences are presented net on the above table.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

On May 8, 2012, the School District issued School Facilities Construction and Improvement Refunding Bonds that were issued to partially refund 2003 School Facilities Construction and Improvement General Obligation Bonds. The partial advance refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of \$500,617. This difference is being reported in the accompanying financial statements as deferred outflows of resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The current year amortization was \$26,348. On April 7, 2021, the School District current refunded the 2012 outstanding bonds. The 2012 refunding bonds were paid in full by the bond escrow agent with the direct placement current refunding.

On January 15, 2013, the School District issued \$11,024,312 School Facilities Construction and Improvement Refunding Bonds that were issued to partially refund the 2003 School Facilities Construction and Improvement General Obligation Bonds. The bonds were issued for an eighteen-year period with a final maturity at December 1, 2030. The \$11,024,312 bond issue consisted of serial bonds of \$9,795,000, \$1,170,000 term bonds, and \$59,312 in capital appreciation bonds. The serial bonds were issued at a premium in the amount of \$229,131. The capital appreciation bonds were issued at a premium in the amount of \$532,239. The term bonds and serial bonds were issued at a discount in the amount of \$45,276. The partial advance refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of \$366,506. This difference is being reported in the accompanying financial statements as deferred outflows of resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The current year amortization was \$20,361. At the date of refunding, \$11,548,699 was deposited in an irrevocable trust to provide for all future debt service payments on the partially refunded 2003 School Facilities Construction and Improvement General Obligation Bonds. As all the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from the School District's financial statements. On December 2, 2013, the partially refunded 2003 School Facilities Construction and Improvement General Obligation Bonds were called and paid in full, and the escrow account was closed. On September 3, 2021, the School District current refunded the 2013 serial bonds in the amount of \$6,665,000 and term bonds in the amount of \$1,170,000. These 2013 refunding bonds were paid in full by the bond escrow agent with the direct placement current refunding. On December 2, 2021, the 2013 School Facilities Construction and improvement General obligation Bonds were called and paid in full, and the escrow account was closed. The remaining \$605,000 in serial bonds that were not refunded in fiscal year 2022, were paid in full on December 1, 2021.

On April 7, 2021, the School District issued \$5,400,000 School Facilities Construction and Improvement Refunding Bonds in a direct placement to current refund the 2012 School Facilities Construction and Improvement Refunding Bonds. The refunding bonds were issued for a ten-year period with a final maturity at December 1, 2030. All bonds consist of term bonds. \$5,400,000 was placed into an escrow account that was then transferred for payoff of the 2012 School Facilities Construction and Improvement Refunding Bonds on April 7, 2021. The current refunding resulted in a difference between the net carrying amount of the old debt and an acquisition price in the amount of \$19,533. This difference is being reported in the accompanying financial statements as deferred inflows of resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The current year amortization was \$1,953. These bonds will be retired from the bond retirement fund through property taxes.

The term bonds are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2026	\$532,000
2027	540,000
2028	554,000
2029	556,000
2030	568,000
Total	<u><u>\$2,750,000</u></u>

The remaining principal amount of such bonds (\$580,000) will be paid at stated maturity on December 1, 2030.

On September 3, 2021, the School District issued \$7,835,000 School Facilities Construction and Improvement Refunding Bonds in a direct placement to partially current refund the 2013 School Facilities Construction and Improvement Refunding Bonds. The refunding bonds were issued for a nine-year period with a final maturity at December 1, 2030. All bonds consist of term bonds. Issuance costs in the amount of \$85,925 were expensed in fiscal year 2022. \$7,947,525 was placed into an escrow account that was then transferred for payoff of the 2013 School Facilities Construction and Improvement Refunding Bonds on December 2, 2021. The current refunding resulted in a difference between the net carrying amount of the old debt and an acquisition price in the amount of \$66,133. This difference is being reported in the accompanying financial statements as deferred outflows of resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The current year amortization was \$8,267. These bonds will be retired from the bond retirement fund through property taxes.

The term bonds are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2026	\$809,000
2027	857,000
2028	908,000
2029	967,000
2030	1,030,000
Total	<u><u>\$4,571,000</u></u>

The remaining principal amount of such bonds (\$1,087,000) will be paid at stated maturity on December 1, 2030.

Principal and interest requirements to retire the School Facilities Construction and Improvement General Obligation Bonds Series 2021A and the School Facilities Construction and Improvement General Obligation Bonds Series 2021B outstanding at June 30, 2025, are as follows:

West Muskingum Local School District, Ohio*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2025*

Fiscal Year Ending June 30,	Series 2021A		Series 2021B	
	Principal	Interest	Principal	Interest
2026	\$532,000	\$53,007	\$809,000	\$95,088
2027	540,000	43,734	857,000	80,011
2028	554,000	34,272	908,000	64,038
2029	556,000	24,670	967,000	47,069
2030	568,000	14,947	1,030,000	28,996
2031	580,000	5,017	1,087,000	9,837
Total	<u>\$3,330,000</u>	<u>\$175,647</u>	<u>\$5,658,000</u>	<u>\$325,039</u>

The School District's outstanding general obligation bonds from direct placements related to governmental activities of \$8,988,000 contain no provisions related to events of default with finance-related consequences; termination events with finance-related consequences; or subjective acceleration clauses.

Leases Payable

The School District has an outstanding agreement to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the straight-line method. The lease will be paid from the General Fund.

A summary of the principal and interest amounts to be paid for the remaining lease is as follows:

Year	Principal	Interest	Total
2026	\$13,771	\$4,396	\$18,167
2027	15,416	2,750	18,166
2028	15,759	908	16,667
Total	<u>\$44,946</u>	<u>\$8,054</u>	<u>\$53,000</u>

Financed Purchase

During prior fiscal years, the School District entered into a financed purchase agreement with the Ohio Association of School Business Officials (OASBO) Expanded Asset Pooled Financing Program to construct, renovate, improve, furnish, and equip an addition to the School District's existing middle school. The building and equipment constructed and acquired by the lease has been capitalized in the government-wide statements in the amount of \$1,800,000, which is equal to the present value of the future minimum payments at the time of acquisition. Future financed purchase payments will be paid from the General Fund, are as follows:

Year	Principal	Interest	Total
2026	\$86,000	\$31,292	\$117,292
2027	90,000	27,391	117,391
2028	94,000	23,310	117,310
2029	98,000	19,047	117,047
2030	103,000	14,603	117,603
2031-2032	219,000	15,011	234,011
Total	<u>\$690,000</u>	<u>\$130,654</u>	<u>\$820,654</u>

West Muskingum Local School District, Ohio*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2025*

The financed purchase is a direct placement purchase. In the event of default, the School District will relinquish all possessions of the project to the Issuer, may sublease the project, or exercise any other right, remedy or privilege that may be available.

The School District's overall legal debt margin at June 30, 2025, was \$42,756,939, with an unvoted debt margin of \$551,626.

Note 16 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Debt Service	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Prepaid Items	\$295,514	\$0	\$330	\$295,844
Materials and Supplies Inventory	16,159	0	988	17,147
<i>Total Nonspendable</i>	<u>311,673</u>	<u>0</u>	<u>1,318</u>	<u>312,991</u>
<u>Restricted for:</u>				
Debt Service	0	2,098,598	0	2,098,598
Classroom Facilities Maintenance	0	0	671,366	671,366
Local, State, and Federal Grants	0	0	10,309	10,309
Student Activities	0	0	55,327	55,327
Athletics and Music	0	0	133,709	133,709
Food Service Operations	0	0	740,499	740,499
<i>Total Restricted</i>	<u>0</u>	<u>2,098,598</u>	<u>1,611,210</u>	<u>3,709,808</u>
<u>Committed to:</u>				
Scholarships	0	0	23,960	23,960
Capital Projects	1,422,725	0	61,761	1,484,486
<i>Total Committed</i>	<u>1,422,725</u>	<u>0</u>	<u>85,721</u>	<u>1,508,446</u>
<u>Assigned to:</u>				
Capital Improvements	0	0	2,470,262	2,470,262
Public School Support	25,579	0	0	25,579
Purchases on Order	787,066	0	0	787,066
<i>Total Assigned</i>	<u>812,645</u>	<u>0</u>	<u>2,470,262</u>	<u>3,282,907</u>
Unassigned (Deficit)	11,204,287	0	(85,684)	11,118,603
<i>Total Fund Balances</i>	<u>\$13,751,330</u>	<u>\$2,098,598</u>	<u>\$4,082,827</u>	<u>\$19,932,755</u>

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Note 17 - Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Governmental Funds:	
General Fund	\$2,584,049
Nonmajor Governmental Funds	<u>173,042</u>
Total	<u><u>\$2,757,091</u></u>

Construction Commitment

At June 30, 2025 the School District had the following construction commitment:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid to Date</u>	<u>Amount Remaining</u>
Chiller Replacement and Controls Project	\$1,906,700	\$483,973	\$1,422,727
Elementary Kindergarten Renovation Project	308,450	22,506	285,944

These project are being paid from the General Fund and the Classroom Facilities Maintenance Special Revenue Fund.

Note 18 - Set Asides

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements.

Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information describes the change in the fiscal year-end set aside amounts for capital improvements. Disclosure of this information is required by State statute.

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2024	<u>\$0</u>
Current Year Set-aside Requirement	389,824
Current Year Offsets	<u>(1,434,194)</u>
Total	<u><u>(\$1,044,370)</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

The School District had qualifying offsets during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future fiscal years.

Note 19 - Jointly Governed Organizations

Licking Area Computer Association

The School District is a participant in the Licking Area Computer Association (LACA) which is a regional council of governments computer consortium. LACA is an association which services twenty-six school districts, educational service centers, and community schools within the boundaries of Licking, Muskingum, Fairfield, Perry, and Knox Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists.

The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. The Board exercises total control over the operations of LACA including budgeting, appropriating, contracting, and designating management. The School District's total payments to LACA for computer services for fiscal year 2025 were \$99,546. Financial statements for LACA can be obtained from the Licking Area Computer Association, 150 South Quentin Road, Newark, OH 43055.

Mid-East Career and Technology Center

The Mid-East Career and Technology Center is a jointly governed organization providing vocational education services to its fourteen-member school districts. The Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one member from each of the participating school district's boards. The Board exercises total control over the operations of the Center including budgeting, appropriating, contracting, and designating management. The continued existence of the Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2025, the School District made no contributions to the Center. To obtain financial information write to the Mid-East Career and Technology Center, Nanette Nolder, Treasurer, at 400 Richards Road, Zanesville, Ohio 43701.

META

The School District participates in META Solutions (META), formerly the Metropolitan Educational Council (MEC), which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

operation of META including budgeting, appropriating, contracting, and designating management. During fiscal year 2025, the School District made payments of \$790 to META. Financial information can be obtained from the Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of nineteen members. One elected and one appointed from each of the seven regions into which the 29 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2025, the School District paid \$400 to the Coalition for membership services. The financial information for the Coalition can be obtained from the Executive Director, at 322 Patton Hall, Ohio University, Athens, Ohio 45701.

Note 20 - Insurance Purchasing Pools

Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program

The School District participates in a workers compensation program jointly sponsored by the Ohio Association of School Business Officials (OASBO) and the Ohio School Board Association (OSBA), known as SchoolComp. Sedgwick is the program's third party administrator. SchoolComp serves to group its members' risks for the purpose of obtaining a favorable experience rating to determine its premium liability to the Ohio Bureau of Worker's Compensation (OBWC) and the Ohio Worker's Compensation Fund. This may be accomplished through the participation in a group rating or through a group retrospective rating. The School District has chosen to participate in the group retrospective rating program for fiscal year 2026. Participation in SchoolComp is restricted to members who meet enrollment criteria and are jointly in good standing with OASBO and OSBA. OASBO and OSBA are certified sponsors recognized by OBWC.

The School District participates in a group retrospective rating plan for workers' compensation as established under Section 4123-17-73 of the Ohio Administrative Code. The Program is governed by the Ohio School Board Association (OSBA) Executive Committee that consists of seven members as follows: the president of OSBA, Immediate Past President of OSBA, and five representatives elected from the participating school districts. Each year, the participating school districts pay an enrollment fee to the program to cover the costs of the administering the program. During fiscal year 2025, the School District paid \$2,525 in enrollment fees to the Program.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Ohio School Plan

The School District participates in the Ohio School Plan (OSP), and insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a eleven member Board of Directors consisting of school district superintendents and treasurers. Hylant Administrative Services, LLC is the Administrator of the OSP and is responsible for providing underwriting, claims management, risk management, accounting, system support services, sales, and marketing.

Ohio School Benefits Cooperative

The School District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of more than fifteen members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine-member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life, and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Participants pay an initial \$500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision, dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. The School District participates in the first option. Medical Mutual/Antares is the Administrator of the OSBC.

Note 21 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2025.

Litigation

The School District is currently not party to legal proceedings.

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Required Supplementary Information

West Muskingum Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Ten Fiscal Years**

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.04889920%	0.04932260%	0.04782670%	0.05334340%
School District's Proportionate Share of the Net Pension Liability	\$2,501,485	\$2,725,329	\$2,586,841	\$1,968,217
School District's Covered Payroll	\$2,073,214	\$1,964,829	\$1,791,579	\$1,814,914
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	120.66%	138.71%	144.39%	108.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%	76.06%	75.82%	82.86%

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year-end.

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.05515240%	0.05637010%	0.05714010%	0.05765530%	0.06017550%	0.06293140%
\$3,647,896	\$3,372,721	\$3,272,519	\$3,444,777	\$4,404,291	\$3,590,926
\$1,936,629	\$1,938,037	\$1,829,252	\$1,928,729	\$1,882,664	\$1,886,307
188.36%	174.03%	178.90%	178.60%	233.94%	190.37%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%

West Muskingum Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Nine Fiscal Years (1)**

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability	0.04953130%	0.05054490%	0.04881160%	0.05481140%
School District's Proportionate Share of the Net OPEB Liability	\$504,473	\$832,699	\$685,322	\$1,037,351
School District's Covered Payroll	\$2,073,214	\$1,964,829	\$1,791,579	\$1,814,914
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	24.33%	42.38%	38.25%	57.16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%	30.02%	30.34%	24.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year-end.

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.05721870%	0.05747760%	0.05754420%	0.05837870%	0.06072570%
\$1,243,549	\$1,445,441	\$1,596,432	\$1,566,731	\$1,730,907
\$1,936,629	\$1,938,037	\$1,829,252	\$1,928,729	\$1,882,664
64.21%	74.58%	87.27%	81.23%	91.94%
18.17%	15.57%	13.57%	12.46%	11.49%

West Muskingum Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Ten Fiscal Years**

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.045064680%	0.045876620%	0.043789770%	0.045405893%
School District's Proportionate Share of the Net Pension Liability	\$8,671,174	\$9,879,502	\$9,734,522	\$5,805,551
School District's Covered Payroll	\$6,230,757	\$6,286,200	\$5,682,679	\$5,595,571
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.17%	157.16%	171.30%	103.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	78.90%	87.80%

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year-end.

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.04679224%	0.04871854%	0.05156992%	0.05406598%	0.05748131%	0.05576889%
\$11,322,057	\$10,773,812	\$11,339,068	\$12,843,489	\$19,240,727	\$15,412,889
\$5,639,879	\$5,680,243	\$5,858,600	\$5,966,207	\$6,057,336	\$5,846,386
200.75%	189.67%	193.55%	215.27%	317.64%	263.63%
75.50%	77.40%	77.30%	75.30%	66.80%	72.10%

West Muskingum Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability
State Teachers Retirement System of Ohio
*Last Nine Fiscal Years (1)**

	2025	2024	2023	2022
School District's Proportion of the Net OPEB (Asset) Liability	0.045064680%	0.045876620%	0.043789770%	0.045405893%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$854,791)	(\$892,236)	(\$1,133,863)	(\$957,346)
School District's Covered Payroll	\$6,230,757	\$6,286,200	\$5,682,679	\$5,595,571
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-13.72%	-14.19%	-19.95%	-17.11%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	158.00%	168.50%	230.70%	174.70%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year-end.

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.04679224%	0.04871854%	0.05156992%	0.05406598%	0.05748131%
(\$822,373)	(\$806,896)	(\$828,675)	\$2,109,456	\$3,074,115
\$5,639,879	\$5,680,243	\$5,858,600	\$5,966,207	\$6,057,336
-14.58%	-14.21%	-14.14%	35.36%	50.75%
182.10%	174.70%	176.00%	47.10%	37.30%

West Muskingum Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net Pension Liability					
Contractually Required Contribution	\$304,838	\$290,250	\$275,076	\$250,821	\$254,088
Contributions in Relation to the Contractually Required Contribution	<u>(304,838)</u>	<u>(290,250)</u>	<u>(275,076)</u>	<u>(250,821)</u>	<u>(254,088)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,177,414	\$2,073,214	\$1,964,829	\$1,791,579	\$1,814,914
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability					
Contractually Required Contribution (2)	\$36,620	\$33,900	\$35,826	\$31,408	\$34,322
Contributions in Relation to the Contractually Required Contribution	<u>(36,620)</u>	<u>(33,900)</u>	<u>(35,826)</u>	<u>(31,408)</u>	<u>(34,322)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.68%</u>	<u>1.64%</u>	<u>1.82%</u>	<u>1.75%</u>	<u>1.89%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.68%</u>	<u>15.64%</u>	<u>15.82%</u>	<u>15.75%</u>	<u>15.89%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$271,128	\$261,635	\$246,949	\$270,022	\$263,573
<u>(271,128)</u>	<u>(261,635)</u>	<u>(246,949)</u>	<u>(270,022)</u>	<u>(263,573)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,936,629	\$1,938,037	\$1,829,252	\$1,928,729	\$1,882,664
<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>
\$36,698	\$43,410	\$38,349	\$31,225	\$29,631
<u>(36,698)</u>	<u>(43,410)</u>	<u>(38,349)</u>	<u>(31,225)</u>	<u>(29,631)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.89%</u>	<u>2.24%</u>	<u>2.10%</u>	<u>1.62%</u>	<u>1.57%</u>
<u>15.89%</u>	<u>15.74%</u>	<u>15.60%</u>	<u>15.62%</u>	<u>15.57%</u>

West Muskingum Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022	2021
Net Pension Liability					
Contractually Required Contribution	\$903,237	\$872,306	\$880,068	\$795,575	\$783,380
Contributions in Relation to the Contractually Required Contribution	(903,237)	(872,306)	(880,068)	(795,575)	(783,380)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$6,451,693	\$6,230,757	\$6,286,200	\$5,682,679	\$5,595,571
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) Although the covered payroll for the net OPEB liability is the same as the net pension liability, there were no OPEB related required contributions for 2015-2024 as STRS did not allocate any employer contributions to postemployment health care. There is no required supplementary information to present related to the statutorily established employer contribution requirements for the net OPEB liability.

See accompanying notes to the required supplementary information

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$789,583	\$795,234	\$820,204	\$835,269	\$848,027
<u>(789,583)</u>	<u>(795,234)</u>	<u>(820,204)</u>	<u>(835,269)</u>	<u>(848,027)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,639,879	\$5,680,243	\$5,858,600	\$5,966,207	\$6,057,336
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

West Muskingum Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Net Pension Liability

Changes in Benefit Terms/Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used. For 2021, the cost-of-living adjustment was reduced from 2.5 percent to 2 percent. For 2023 and 2024, the cost-of-living adjustment was increased from 2 percent to 2.5 percent.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions, compared with those used in prior years, are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members was based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017, with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts reported for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age setback for both males and females. Amounts reported for fiscal year 2016 and prior use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018 through 2021 and fiscal year 2017 and prior are presented below:

West Muskingum Local School District, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Beginning with Fiscal Year 2022	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuations, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Changes in Benefit Term – STRS Pension

For 2024 and 2025, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

West Muskingum Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions, compared with those used in fiscal year 2021 and prior, are presented below:

	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2021 and Prior</u>
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2025	3.93 percent
Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

**Single Equivalent Interest Rate, net of plan investment expense,
including price inflation**

Fiscal year 2024	4.88 percent
Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, and the long-term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified.

West Muskingum Local School District, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

The percentage of future retirees electing each option was updated based on current data, and the percentage of future disabled retirees and terminated vested participants electing health coverage was decreased. The assumed mortality, disability, retirement, withdrawal, and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age-based to service-based. Healthcare trends were updated to reflect emerging claims and recovery experience.

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service, effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020, to reflect the current price renewals. The non-Medicare subsidy percentage increased effective January 1, 2020, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021, premium based on June 30, 2020, enrollment distribution. The non-Medicare subsidy percentage increased effective January 1, 2021, from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect that it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recovery experience.

West Muskingum Local School District, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for fiscal years 2027 and 2028 reflect the assumed impact of the expiration of the current Medicare Advantage contract on December 31, 2028.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Education
West Muskingum Local School District
4880 West Pike
Zanesville, Ohio 43701

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Muskingum Local School District, Muskingum County, Ohio (the “School District”) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District’s basic financial statements, and have issued our report thereon dated December 22, 2025, wherein we noted net position was restate due to the implementation of GASB Statement No. 101, *Compensated Absences*.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Zanesville, Ohio
December 22, 2025

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
West Muskingum Local School District
4880 West Pike
Zanesville, Ohio 43701

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Muskingum Local School District’s (the “School District”), Muskingum County, Ohio, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District’s major federal programs for the year ended June 30, 2025. The School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The School District’s management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District’s federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Zanesville, Ohio
December 22, 2025

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Child Nutrition Cluster				
Non-Cash Assistance (Food Distribution)				
School Breakfast Program	10.553	2024/2025	\$ -	\$ 15,384
National School Lunch Program	10.555	2024/2025	-	41,593
Non-Cash Assistance (Food Distribution) Subtotal				56,977
Cash Assistance				
School Breakfast Program	10.553	2024/2025	-	181,081
National School Lunch Program	10.555	2024/2025	-	570,161
			-	751,242
Total Child Nutrition Cluster			-	808,219
Total U.S. Department of Agriculture			-	808,219
U.S. DEPARTMENT OF JUSTICE				
<i>Direct Program</i>				
COPS Office School Violence Prevention Program Solicitation	16.710		-	8,164
Total U.S. Department of Justice			-	8,164
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Title I Grants to Local Educational Agencies	84.010A	2024	-	59,880
Title I Grants to Local Educational Agencies	84.010A	2025	-	316,850
Title I Non-Competitive, Supplemental School Improvement	84.010A	2025	-	82,868
Expanding Opportunities for Each Child	84.010A	2025	-	40,019
Total Title I Grants to Local Educational Agencies			-	499,617
Special Education Cluster:				
Special Education Grants to States	84.027A	2024	-	58,349
Special Education Grants to States	84.027A	2025	-	335,810
Total Special Education Grants to Local Educational Agencies			-	394,159
Special Education Preschool Grants (G)	84.173A	2025	-	15,173
Total Special Education Preschool Grants			-	15,173
Total Special Education Cluster			-	409,332
Language Instruction for English Learners (G)	84.365A	2025	-	2,198
Supporting Effective Instruction	84.367A	2024	-	11,748
Supporting Effective Instruction	84.367A	2025	-	59,915
Total Supporting Effective Instruction to Local Education Agencies			-	71,663
Student Support and Academic Enrichment	84.424A	2024	-	2,263
Student Support and Academic Enrichment		2025	-	33,129
Total Student Support and Academic Enrichment			-	35,392
COVID-19 Elementary and Secondary School Emergency Relief Fund:				
ARP ESSER	84.425U	2023	-	877,564
Total Elementary and Secondary School Relief Fund			-	877,564
Total U.S. Department of Education			-	1,895,766
Total Expenditures of Federal Awards			\$ -	\$2,712,149

The accompanying notes are an integral part of this schedule.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of West Muskingum Local School District, Muskingum County, Ohio (the School District) under programs of the federal government for the year ended June 30, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The School District has elected not to use the 10-percent (or 15-percent, if applicable) de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at entitlement value. The School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE F - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Department of Justice COPS Grant requires a 25% match. The School District has not yet met its total matching requirements, based upon the grant project being partially complete at June 30, 2025. The matching requirement will be met as the COPS grant project progresses. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE G – CONSORTIUM GRANT EXPENDITURES

During the fiscal year ended June 30, 2025, the School District passed/transferred grant fund allocations to the Licking Regional Educational Service Center for Title III English Learner totaling \$2,198 and Muskingum Valley Educational Service Center for Special Education – Preschool grant totaling \$15,173.

West Muskingum Local School District
Muskingum County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2025

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None reported
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material control weaknesses in internal control reported for major federal programs?	No
(d) (1) (iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None reported
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d) (1) (vii)	Major Programs (list): COVID-19: Elementary and Secondary School Emergency Relief Fund	AL # 84.425U
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None were noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted

OHIO AUDITOR OF STATE KEITH FABER



WEST MUSKINGUM LOCAL SCHOOL DISTRICT

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/12/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov